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Vacuum egg lifter, Japan.

World Poultry and Eggs

Report on World Food Conference

Foreign Agricultural Service
U.S. DEPARTMENT OF AGRICULTURE

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Vacuum egg lifter helps employee of Shizuoka poultry cooperative in Japan to lift 48 eggs at a time. World egg production this year is expected to rise about 1 percent over 1973's. See article beginning this page.

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High Feed Costs, Low Returns Slow World Poultry and Egg Output

By FOREIGN COMMODITY ANALYSIS
Dairy and Poultry
Foreign Agricultural Service

POULTRY AND EGG producers in Northern Hemisphere countries—beset by shrinking profit margins—cut back their output in late 1974, a situation expected to reduce supplies of their products in early and mid-1975. For 1974, however, world production of poultry meat and eggs is slated to be marginally above last year's level.

During 1974, poultrymen suffered increasingly severe financial losses as farm and wholesale prices of poultry products softened. Costs for inputs—particularly for feed late in the year—continued to climb. The resulting cutback in output late in the year is likely to deepen until feed prices moderate, hopefully after 1975 harvests. These trends are mainly being felt in Northern Hemisphere countries, since Southern Hemisphere poultry and egg markets are somewhat isolated from world prices and trade influences.

Nevertheless, egg outturn this year in 33 important egg-producing countries will rise about 1 percent to provide some 24 billion dozen eggs to fill consumption, hatching, and trade needs. But next year's output could be 3 percent below 1974's, yielding about 23.3 billion dozen eggs.

Poultry meat production in 1974 will also be slightly higher than in 1973, although early-season gains are being offset by widespread declines that began about mid-year. Overall, this year's output in 33 major countries is estimated at 29.8 billion pounds—up about 1 percent. By 1975, however, producer cutbacks could reduce poultry meat supplies to about 27.7 billion pounds—about 7 percent below this year's.

The Egg Situation. To some extent, the severe cost-price squeeze affecting U.S. egg producers is being mirrored in other countries, owing to higher world market prices for grains and other feedstuffs. In some, however, input costs have not risen by quite the same percentage as in the United States. In countries with minimum import prices for feedgrains, prices—although initially higher—have risen by a smaller percentage than in the United States. Also, in some countries, there recently has been some recovery in egg prices.

Responding to the squeeze on profits, egg producers in almost every country are reacting by curtailing chick placements and culling their laying flocks—actions that could reduce egg supplies substantially in coming months.

In countries where data are available, early-summer placements of chicks for replenishing laying flocks were generally well below last year's. Later in the year, however, chick placements recovered to some extent, according to the International Egg Commission. Even so, adverse feed-price relationships are causing producers to cull their laying flocks.

THROUGH JUNE, U.S. egg prices at the farm level declined steadily, and high feed costs sharply reduced—and at times eliminated—net returns from egg production. The situation became particularly acute in August, when reports of shortened U.S. crops pushed futures market prices of feed ingredients—corn and soybean meal—to high levels. By fall, U.S. egg prices had strengthened somewhat, but they were still too low to compensate producers for the sharp rises in mixed feed prices.

Throughout 1974, U.S. laying flocks were below year-earlier levels, although rising rates of lay per bird have kept egg production surprisingly close to last year's. In the 10 months ending October 1974, egg output was 98 percent of this period of 1973.

But due to declining profits, monthly hatchings of replacement chicks in the United States have been below 1973 levels since the beginning of the year. The reductions for September and October were 26 percent and 27 percent respectively, with a 13 percent reduction likely for all of 1974.

Canada's egg production seems headed for a rise of 3-4 percent this year, despite a new quota system intended to restrict outturn in commercial flocks. The

August laying flock was 98 percent of a year ago, but early-October egg deliveries to packing stations about equalled those of 1973. On the other hand, egg-type chick hatchings from January through mid-October were 10 percent below 1973's—signaling a probable dropoff in egg output next year.

Canada supports egg prices through the Canadian Egg Marketing Agency (CEMA). Since the spring of 1974, CEMA has been diverting surplus eggs from normal markets by channelling them to breakers in both the United States and Canada at subsidized prices, and by storing surplus eggs.

To support CEMA programs, the Canadian Government is buying eggs for the World Food Program and restricting egg imports when prices are down.

Also, CEMA imposes a producer levy to support its programs—recently as high as 9 Canadian cents a dozen for commercial production in Ontario—but the program is still running a deficit.

In Mexico—North America's second largest egg producer, behind only the United States—egg production rose marginally in 1974 to an estimated 7.4 billion eggs, compared with 7.2 billion in 1973.

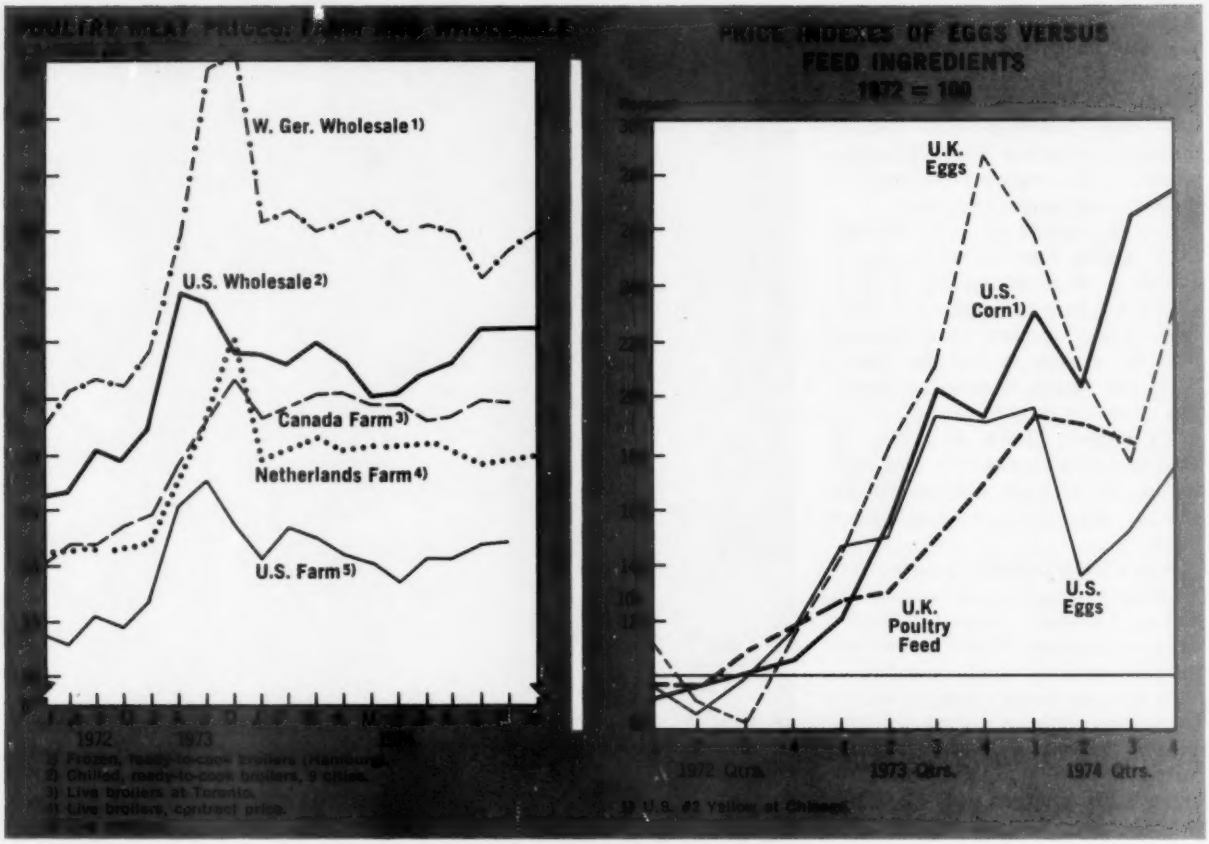
Four of the major egg-producing countries in South America also boosted their egg output in 1974 by an average of about 4 percent for the group. Argentina's increase to 33 million dozen, a rise of 13 percent, was larger than the combined increases of Brazil, Peru, and Venezuela.

Egg production in the European Community in 1974 is expected to edge up slightly—by less than 1 percent—to total nearly 5.4 billion dozen. Next year, however, a dropoff of some 4-5 percent is in view. In 1973, production was about the same as in 1972, but 2 percent above 1971's.

MOST OF THE EC's output is used within the Community. The Netherlands and Belgium-Luxembourg, for example, export about one-third of their eggs to other Member States. West Germany's egg imports amount to about one-sixth of its production. These relative trade positions will likely continue in 1975.

Egg production in West Germany in 1974 is expected to decline by about 3 percent. However, this decrease does not fully offset increases—by generally smaller percentages—in France, United

Member of a poultry cooperative in Northeast Brazil fills hopper with poultry feed, top. Laying hens in wire cages, above, are part of Japan's industrialized egg production sector. Danish hatcheryman checks incubator trays of fertile eggs, left.



Kingdom, Italy, the Netherlands, and Belgium.

Other West European countries have shown few important changes in their egg production this year, as compared with 1973. In seven top producing countries, expected 1974 outturns of about 1.3 billion dozen eggs will equal about a fourth of the EC's output.

Estimated on a trend basis since data are unavailable, 1974 egg output in Eastern Europe and the USSR is expected to be up about 2 percent over 1973. Based on 1972 data, the most recent available, egg output in these countries about equals the combined outputs of the EC and other West European countries.

Japan's egg production in 1974 remained unchanged from a year earlier, at about 2.5 billion dozen. However, egg producers will likely cut 1975 output by about 5 percent, due largely to low prices.

A large share of Japanese egg production remains in traditional, or relatively small scale, units, (as contrasted with broiler output) and thus is more responsive to changes in prices.

Australian egg production has risen steadily in the past few years, from 230 million dozen in 1971 to about 280 million in 1974. A small increase is expected in 1975.

The Poultry Meat Situation. Poultry meat production in 33 important producing countries increased substantially early in 1974. Production cutbacks since midyear have offset most of the gains, however, with the result that the year's output increased only slightly.

Broiler output—the largest item in the poultry total—is up about 1.5 percent from the 19 billion pounds of 1973. In the United States and the EC, however, which together produce about two-thirds of the broilers in the 33 countries early-year increases were followed by late-season cutbacks, reflecting producer dissatisfaction with prices and net returns. Turkey markets in mid-1974 were also somewhat depressed, and cuts in poult placements in the major producing countries occurred in mid and late summer.

In the United States, broiler slaughter during January-July was about 6 percent above 1973's. By September, output was only 2 percent above 1973's, and broiler chick placements were down by about 10 percent. Early in 1975, the decline will continue.

The U.S. turkey industry faced similar pressures in 1974. Mid-season hatchings for slaughter were about one-third larger than the year before. The trend reversed in June and by September, hatchings were 22 percent below 1973's. This indicates that the sharp drop in turkey production expected in 1975 has already begun, since hatchings after September contribute to the next year's slaughter.

Meanwhile, U.S. cold storage stocks of turkeys on November 1, 1974, were 556 million pounds, 24 percent above the previous year, and about 10 percent of recent annual production. Beginning about mid-1974, USDA bought cut-up broilers and frozen turkeys and products for domestic programs.

In Canada, early-October placements of broiler chicks were 10 percent below year-earlier, but total 1974 placements

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U.S.-Polish Accord Envisions Trade Gain, Information Exchange

By RICHARD T. McDONNELL
Trade Operations Division
Foreign Agricultural Service

EXPORTS OF U.S. agricultural products to Poland, which have jumped almost sixfold since 1970 to make this the top U.S. farm market in Eastern Europe, should be further enhanced by the recently concluded U.S.-Polish Joint Statement on Development of Agricultural Trade. Included in the Statement is a provision for the free exchange of economic information—a significant breakthrough in U.S. attempts to improve economic communications with socialist trading partners.

In addition, total trade between the two countries is seen growing dramatically, with industrial products becoming increasingly important in this trade. In an October 9 statement signed by President Ford and Polish Party Secretary Edward Gierek, the two leaders predict that bilateral trade will increase to $1 billion in 1976 and $2 billion by 1980. Such trade has been estimated at over $700 million for 1974—in itself a substantial expansion from trade of the recent past.

Agriculture traditionally has represented a large share of the two-way trade volume—accounting for $403 million of that trade in fiscal 1974, with the United States enjoying a large favorable balance in this trade. Poland, on the other hand, is apparently willing to endure short-term trade deficits in hopes that imports of Western raw materials and technology will help expand the country's productive capacity and thus generate future export earnings.

The Joint Statement, one of a series of agreements reached during the visit of Party Secretary Gierek to the United States, was signed on October 8 by U.S. Assistant Secretary of Agriculture Clayton Yeutter and Polish First Deputy Minister of Foreign Trade and Maritime Economy Henryk Kisiel. Final negotiation of the agreement had been concluded at the fourth session of the U.S.-Polish Joint Commission for Trade in Washington, D.C., September 9-10, following extensive preliminary work by USDA officials, representatives from the Polish Embassy in Washington, and an advance team from Warsaw.

Of particular importance is the Statement's provision for exchange of economic data, including forward estimates of supply, demand, and trade. In addition, Poland will provide the U.S. Department of Agriculture with lists of U.S. products to be purchased over a 3-year period, with annual updatings.

The United States believes such an exchange of information is vital to the maintenance of world market stability and continued expansion of East-West agricultural trade. Improved trade relations with the socialist countries of Eastern Europe and Asia have opened valuable new markets for U.S. farm products. At the same time, the resultant rise in East-West trading contacts has increased U.S. awareness of the problems inherent in trading with nonmarket economies.

Since State trading monopolies are solely responsible for commodity purchases on the world market, these agencies are capable of large, sudden purchases far in excess of traditional commercial sales between free market economies. The information exchange will give a forewarning of changes in needs and assist an orderly formation of U.S. trade policy.

It is hoped that the U.S.-Polish accord will set the stage for similar arrangements with other socialist countries and thereby overcome a major impediment to the expansion of East-West agricultural trade.

In addition to the data exchange, the two countries also agreed to:

- Encourage the signing of long-term purchasing agreements between Polish foreign trade enterprises and private U.S. exporters;
- Continue to treat imports in each country in accordance with the most favored nation (MFN) principle of the General Agreement on Tariffs and Trade;
- Develop further the cooperation between veterinary services that already has assisted the two countries in increasing trade turnover;
- Form a permanent working group within the framework of the Joint Trade Commission to exchange views on economic and trade matters and explore areas for possible agricultural cooperation; and
- Support the upcoming multilateral trade negotiations.

The Statement also recognizes Poland as a traditional and valuable CCC credit customer of the United States and notes that the United States will accord Poland's future applications for CCC credit no less favorable treatment than it will applications from other socialist and developed countries.

Poland's interest in the Statement evolves in part from its remarkable economic growth of late and the resulting jump in demand for consumer goods, including farm products. The rise in Polish per capita income reflects this growth. Since 1971 average real wages in State-owned and cooperative enterprises have risen 22 percent. In 1973 alone, real wages jumped 10 percent and will probably gain another 5 percent in 1974.

TO MEET THE growing food demands of its increasingly affluent population, the Polish Government has had to spend more foreign exchange on imports. A part of this has been spent on direct purchases of scarce commodities; another, much larger, share has been allocated for purchases of grains, soybeans, and other feed ingredients needed by the domestic livestock industry as it embarks on a high-priority campaign to increase production.

Since its CMEA (Council for Mutual Economic Assistance) trading partners have shown themselves unable to satisfy this increased demand for food and feed, Poland has turned increasingly to the West, and particularly to the United States.

Between 1970 and 1973, Poland's purchases of U.S. farm products increased almost sixfold—from $50 million to $296 million. In 1973, principal U.S. exports to Poland included wheat ($66 million); oil cake, meal, and residues ($77 million); corn ($50 million); and soybeans ($29 million). In fiscal 1974, the value of such U.S. exports rose further to a record $306 million. Sales of farm products then declined

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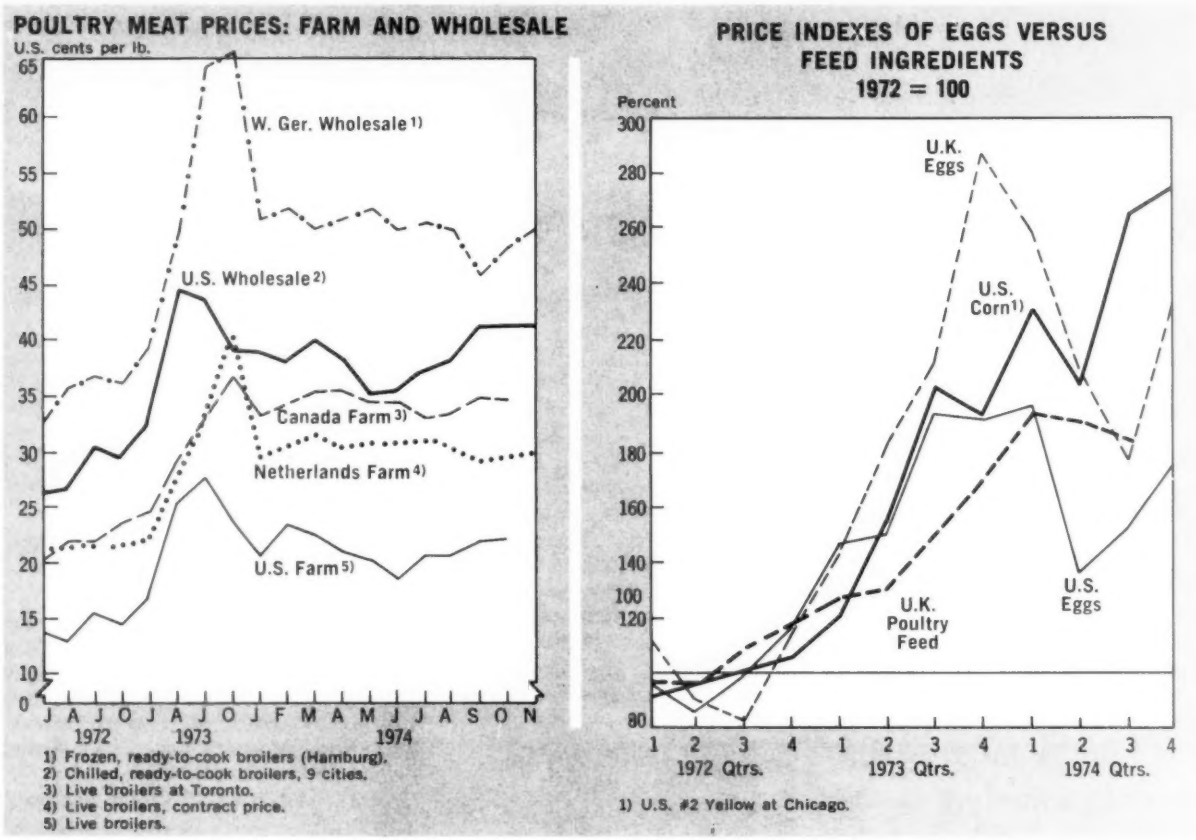

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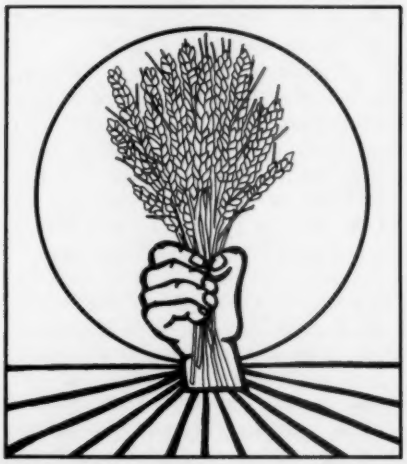
UN World Food Conference: Problems and Solutions



MAN'S CONCERN about food—ages old and 1970's new—came into sharp focus November 5-16 at the World Food Conference in Rome, the first such meeting in history. While no amount of negotiation could create additional food in this deficit year, most of the 130 national delegations left Rome with the feeling that much of long-term value had been accomplished.

The World Food Conference, proposed in September 1973 at a time of record world harvests, was intended to chart a long-term course for world food programs. With new production deficits occurring in 1974—most importantly in the United States—the Conference had by keynote time assumed a new air of urgency.

Secretary of State Henry A. Kissinger, in his opening address, spoke of hunger throughout history and said: "Our presence here is recognition that this eternal problem has now taken on unprecedented scale and urgency and that it can only be dealt with by concerted worldwide action."

Secretary of Agriculture Earl L. Butz spoke of the need for sustained effort—through years of plenty as well as in

Delegations from 130 nations were in place for opening ceremonies at the World Food Conference—held November 5-16 in Rome.

years of tight supply: "Historically, the concern over hunger has tended to wane and wax with the rise and fall in world production. The subject is too serious for that; it deserves continued high-level effort on all fronts, and I hope that this Conference will be the beginning of such a sustained drive."

At the end of 12 days of day and night sessions, delegates to the United Nations-sponsored Conference had hammered out 19 resolutions. They had issued a Declaration pledging national energies and resources to accelerate production growth in developing areas, improve distribution between countries, and to strengthen international mechanisms to coordinate and implement these efforts. Among its achievements, the World Food Conference:

- Recommended a goal of 10 million tons of grain per year, beginning in 1975, to serve as food aid, and scheduled a November 29 meeting in Rome to deal with more immediate problems.
- Endorsed a Food and Agriculture Organization (FAO) proposal to establish a world network of national grain reserves, to get underway in upcoming discussions of a proposed Reserves Coordinating Group.
- Decided to establish a Global Information and Early Warning System on Food and Agriculture, and agreed that FAO is the most appropriate organization to supervise this system.
- Approved establishment of a World Food Council, to be nominated by the UN Economic and Social Council and elected by the UN General Assembly.

IN ADDITION, the Conference agreed with the proposition, stressed by the United States, that the world must move to a higher level of food production. As Secretary Butz phrased it, "We are not here to talk about what to do with less food. We are here to talk about what to do with more food." The Conference also stressed the need for eliminating trade barriers, within the framework of the Multilateral Trade Negotiations under the General Agreement on Tariffs and Trade (GATT), as agreed to in the Tokyo Declaration of September 1973.

The major subjects covered by the World Food Conference, and the actions taken, fall into these categories:

Food Production. The Conference agreed that increased food production is essential in both developed and developing areas. In the case of many developing countries, a reordering of programs, priorities, and farmer incentives is required to stimulate production. The Conference also recognized that additional funds will be required to help developing countries increase production. In this connection, the United States has supported the creation of a voluntary fund. In Rome, members of the organization of Petroleum Exporting Countries (OPEC) recommended establishment of such a fund. General approval was expressed at the Conference, and followup work by the UN will include this proposal. No specific dollar amounts were proposed.

In addition, a number of resolutions were passed to improve nutrition programs, child feeding, fertilizer development, to prevent food wastage, and to increase the participation of women in solving world food problems.

Several resolutions were passed recommending greater effort to expand food production and improve utilization. The Conference recommended greater effort by developing countries and greater assistance from international agencies, developed countries, and developing countries in a position to help. Specific areas of effort include (1) soil surveys and conservation, (2) water management, (3) research, extension, and training, (4) fertilizer, (5) pesticides, and (6) improved seeds. The FAO, World Bank, and UN development programs were asked to follow up on specific recommendations.

Food Aid. The Conference recommended that food aid donor countries make all efforts, beginning with 1975, to provide commodities and/or financial assistance to ensure at least 10 million tons of grain as food aid a year. Present food aid donors, including the United States, informed the Conference that the 10 million tons is feasible only if more countries, with financial capacity to do so, begin providing food aid.

The United States presently has two international commitments to provide food aid. Under the Food Aid Convention of the 1971 International Wheat Agreement, the United States is committed to supply 1.9 million tons of grain as food aid a year through June 1975. Total commitments of food aid under the Food Aid Convention are 4.4 million tons of grain. The major donors are the United States, the European Community, Canada, Australia, and Japan. Under the World Food Program, the United States is pledged to supply $70 million worth of food aid per year. The United States has always exceeded its international commitments to provide food aid. In fiscal 1974 for example, the United States supplied 3 million tons of grain as food aid.

IN RECOGNITION of the current food problems in a number of food deficit countries, the Conference recommended a meeting soon of grain exporting and importing countries as well as current and potential financial contributors. The purpose would be to consider ways and means of increasing food availability and financing facilities during calendar 1975 and 1976 to those countries most seriously affected by the current food problem. Dr. Addeke Boerma, Director General of the FAO, called for such a meeting in Rome on November 29.

Food Security. The Conference endorsed the objectives, policies, and guidelines as set out in the text of the Draft International Undertaking on World Food Security prepared by the FAO and invited all governments to adopt the Undertaking and bring it into operation as soon as possible. The FAO Undertaking provides for international cooperation in the establishment of a world network of national grain reserves through international consultations and exchange of information. The Undertaking is scheduled for consideration by the FAO Council in late November. If approved by the FAO Council, it will be sent to governments for their consideration and adoption. It probably will take at least a year to get the Undertaking accepted by governments.

In addition to the FAO Undertaking, the Conference invited major grain producing, consuming, and trading countries to discuss ways to accelerate implementation of the principles contained in the FAO Undertaking and to study the feasibility of these countries establishing an international system of national grain reserves.

Global Information System. The Conference decided to establish a Global Information and Early Warning System on Food and Agriculture and agreed that the FAO is the most appropriate organization to operate and supervise such a System. The Conference requested that FAO, in cooperation with other international organizations, particularly the International Wheat Council, formulate arrangements for the establishment of such a System. The

Conference requested all governments to participate in the System and extend full cooperation on a voluntary and regular basis, by furnishing as much current information as possible, including forecasts. In the beginning, the System is to concentrate on basic foods, particularly grains. Later it will be expanded to cover a wide range of food commodities.

International Trade in Food. The Conference concluded that international trade in food will play an important role in meeting the world food challenge, particularly in developing countries. Trade was recognized as the key activity in ensuring that food once produced reaches destinations where it can be used to reduce and eliminate hunger, malnutrition, and actual starvation. The Conference cited trade as important to agricultural development, world market stability, food security, food aid, foreign exchange, diversification of exports, and fair prices to farmers.

The Conference also stressed the need for distributing food more efficiently, eliminating barriers and trade restrictions, utilizing the multilateral trade negotiations under GATT, as agreed to in the Tokyo Declaration. It was recognized that the extent to which trade barriers can be reduced and eliminated will largely determine the degree to which trade can contribute to meeting the world food challenge.

The World Food Council. The arrangements for followup action approved by the Conference include establishment of a World Food Council—an umbrella organization that will have coordinating, consultative, and advisory powers with respect to food aid, investment, and other foreign assistance. The Council will include approximately 25 members to be nominated by the UN Economic and Social Council and elected by the UN General Assembly. When established, it will provide guidance to UN organizations, such as the FAO and its committees on fertilizer, world food security, food aid policies and programs, and to the Agricultural Development Fund. Bilateral aid programs, as well as multilateral programs, come within the new Council's purview.

These and other followup efforts will determine the final success of the World Food Conference in meeting a fundamental need that President Ford has cited as critical to the achievement of a stable and peaceful world.

Exports of U.S. Breeding Animals May Set New Records in 1974

EXPORTS of U.S. breeding animals—beef and dairy cattle, and swine—may set new records in numbers and value in calendar 1974. Shipments rose by about 10 percent in the first 6 months of 1974 over the comparable 1973 period to a record 67,000 head.

World trade in breeding animals is, however, small in volume in comparison with total livestock numbers. Despite the strong level of foreign demand for U.S. breeding animals, such exports total less than one-half of 1 percent of the U.S. cattle population, which on January 1, 1974, was estimated at 127.5 million animals.

Exports of breeding cattle provide U.S. cattle growers an expanded market in which to sell breeding stocks. Other countries benefit from U.S. research and development in genetic improvement and breeding specialization. The exporter also passes on to buyers new information on animal care and reproduction.

U.S. exports of beef rose by an imposing 48 percent in the first 6 months of 1974 to 23,544 head, valued at $20 million, from 15,097 head, valued at $10.4 million, in the same period of 1973.

(Livestock numbers in this article are totaled from USDA veterinary export certificates; export values are reported by the U.S. Bureau of the Census.)

U.S. exports of dairy breeding cattle in the first 6 months of 1974 totaled 16,488 head, valued at $13.2 million, down slightly from the 20,476 head valued at $13.9 million that were exported in the first 6 months of 1973.

Breeding swine exports were moderately higher in numbers during the first 6 months of 1974 compared with the same period of 1973—7,496 head, compared with 6,896 head a year earlier. Value was up sharply—from $900,000 in the first 6 months of 1973 to $2.4 million in the same period of 1974.

Beef breeding cattle exports in 1973 totaled 26,904 head, an increase of 86 percent over the 14,431 head exported in 1972, and 41 percent above the 1971 total of 19,056 head. Exports in 1973 were the second highest on record, surpassed only in 1969 when 29,669 head were exported. Value of 1973 exports was $22.5 million, compared with $13.3 million in 1972 and $9.5 million in 1971.

Canada continued in 1973 to be the most important export outlet for U.S. beef breeding cattle, taking 13,554 head, compared with 4,860 head in 1972 and 9,873 in 1971. Exports of beef breeding cattle to Canada in 1973 accounted for 50 percent of total U.S. exports.

Mexico ranked second as a market, taking 5,822 head in 1973, compared with 3,921 head in 1972—an increase of 48 percent—and 6,066 head in 1971. Costa Rica was third, with 966 head in 1973—a 45 percent decrease from the 1,757 total for 1972 and a 64 percent decrease from the 2,697 head imported from the United States in 1971.

THE MAIN factor contributing to the large increase in U.S. exports of breeding cattle was the expanded sale of 8,694 head to Canada. Another factor was the increase in cattle sales to Mexico, which were up 1,901 head in 1973, compared with 1972.

Other countries increasing their imports from the United States during 1973 as compared with 1972 were Italy, Hungary, South Africa, and Korea. New U.S. export markets were established in Iran, Poland, Bulgaria, and Romania.

Iran in 1974 is a leading U.S. export market for breeding cattle, with Japan, Korea, and Taiwan emerging as other principal customers.

Crossbreeds took over first place as the leading export type during 1973, with a record 6,962 head, compared with 1,356 head in 1972, when they ranked fifth in export importance. Canada was the leading foreign market for crossbreeds in 1973, taking 5.658 head. Other countries taking smaller numbers were the Republic of China (Taiwan), Guatemala, and Honduras.

Charolais ranked second in importance among export breeds, with 5,505 head, compared with 2,502 head in 1972. Canada was the most important market for Charolais, taking 3,818 head in 1973, compared with 806 head in 1972, and followed by Mexico, with 848

Holstein-Friesian calves, above, aboard cargo aircraft—ready for export to overseas market. Another Holstein-Friesian, left, received final checkout prior to air departure. Although exports of breeding cattle may set new records in 1974, the total number shipped is less than one-half of 1 percent of the U.S. cattle herd, which on January 1, 1974, was estimated at 127.5 million.

head, and Costa Rica, with 479 head. Other countries taking Charolais include Italy, the Dominican Republic, Haiti, Guatemala, Taiwan, El Salvador, Ecuador, and Venezuela.

Brahman fell to third place as the leading export breed, after ranking second in 1972. Exports of U.S. Brahman cattle during 1973 totaled 3,963 head, compared with 2,972 head in 1972, for an increase of 991 head. Mexico was the most important foreign market for Brahman animals, taking 709 head, followed by Guatemala, with 678 head; El Salvador, 627; Nicaragua, 468; and South Africa 361.

Hereford ranked fourth, with 3,443 head exported in 1973, compared with 3,007 head in 1972. Mexico was the most important outlet, taking 1,964 head, followed by Hungary, with 526 head; Canada, 502; Japan, 132; and Spain, 120. Brahman animals were exported to 24 countries in 1973.

Angus ranked fifth as an export breed, with 1,763 head exported in 1973, compared with 1,884 head in 1972. Santa Gertrudis ranked sixth, with exports totaling 1,245 head, compared with 1,263 head in 1972. Simmental cattle exports totaled 747 head, compared with only 147 in 1972; Limousin, 611, compared with 162 in 1972; and Maine-Anjou, 395, compared with only 3 head in 1972.

In 1973, U.S. breeding cattle were shipped to 41 foreign countries from 46 States. Texas again was the leading export State, with 7,885 head, followed by Montana, 4,738 head; North Dakota, 2,728 head; Florida, 2,233; and South Dakota, 1,267 head.

U.S. exports of dairy breeding cattle in 1973 totaled 33,987 head—the highest on record. This total reflects a gain of 15,311 head over the 1972 total of 18,676 head, and 19,464 head above the 1971 export total of 14,523 head. The next highest year on record for U.S. dairy breeding cattle exports was 1966, when the total was 23,515 head.

In 1973, the value of dairy breeding stock exports was $29.7 million, an increase of $19.1 million over the $10.6 million value for 1972. The increase in value of 1973 exports over those of 1972 resulted from both larger numbers as well as higher prices for good quality animals.

Holsteins continued to rank as the major dairy breed in export trade, with 31,750 head shipped in 1973, compared with 17,145 head in 1972, for an increase of 14,605 head or 85.2 percent. Holsteins accounted for 93.4 percent of total dairy breeding cattle exports in 1973, compared with 91.8 percent in 1972.

Exports of Brown Swiss dairy breeding cattle increased to 1,633 head in 1973, compared with 868 head in 1972. Jersey exports increased to 302 head in 1973 from 110 head in 1972, while Ayrshire exports decreased to 183 head in 1973, compared with 489 head in 1972.

The higher totals in 1973 were due primarily to increased sales to Mexico, Italy, Korea, Canada, and Hungary. Exports to Mexico were 18,436 head in 1973, increasing by 61 percent from 11,466 head in 1972. Exports to Italy increased from 770 head in 1972 to 2,706 head in 1973; to Korea, from 674 head in 1972 to 2,446 head in 1973; to Canada, from 1,943 head to 3,424 head; and to Hungary from 197 head to 1,473.

In 1973, 44 States and Puerto Rico exported dairy breeding cattle, compared with only 39 in 1972. Wisconsin ranked first, with 11,825 head, followed by California, with 9,228 head; New York, 1,850; Indiana, 1,344; and Minnesota, 1,182 head. U.S. dairy breeding cattle were exported to 49 countries.

The Export Reporting Puzzle:
Sales to Unknown Destinations

By PETER B. PAULI
Export Sales Division
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WHEN IT BEGAN in June 1973 to monitor agricultural export sales, the U.S. Government acquired the hard task of analyzing data from export transactions, which by their very nature are confusing and changeable. As a result, a number of problems soon developed, including the puzzle of the "unknown destinations."

This problem revolves around a clause in Section 812 of the Agriculture and Consumer Protection Act of 1973, which established a weekly reporting system requiring that exporters report sales made to "destinations, if known." Some 28 products are being monitored under the Act.

Despite the seeming incongruity of an exporter not knowing where his products are going, such is often the case. Hence the clause, "if known," which has come to epitomize the uncertain sides of foreign trade.

It has become the bane of analysts attempting to find how much various foreign markets need to buy and the target for public criticism when actual shipments do not match reported sales. The questions arise: Will delivery of the reported commodity actually occur? How can an exporter ship to an unknown destination? Are these valid, bona fide sales; or are they purely speculative?

This interest has grown as the United States has moved from a buyer's market to a seller's market for many commodities. The terms of trade, let alone the volume, have become matters of public inquiry and public policy.

But foreign governments and business firms engaged in international trade have also reacted to the changing market outlook—often in ways that tend to obscure or distort information on the public record. To protect their own consumers and customers, they may determine the maximum needs and cover them by making unusually large purchases, or buying far in advance of actual delivery. In some cases, they may try building stocks in their own country at relatively high prices, often to realize later that the logical time to stockpile is at low prices. This sometimes leads to cancellation of forward purchases.

Moreover, foreign buyers want to maintain flexibility on destinations and face greater risks now in fixing ocean freight in a widely fluctuating market, with attendant bunkering and fueling problems. Also, many foreign buyers, as a matter of trade policy, prefer to make their own shipping arrangements.

CONSEQUENTLY, there has been a trend toward purchases free on board (f.o.b.) vessel U.S. port, in which case the seller's responsibility ends once his product is unloaded into the ship or other means of transportation. The seller involved in such transactions usually does not even know the intermediate, let alone ultimate, foreign destination of his product.

Even when sales include freight and insurance arrangements (c&f), the buyer normally retains the choice of destination. However, in this case, the exporter at least knows where the product will be unloaded.

In any case, the Department of Agriculture has seen reported sales, large and small, cancelled, deferred for delivery in the following marketing year, or renegotiated to permit delivery of a substitute commodity. And it has attempted to find out just where they end up—and for what reason.

Take wheat exports. Last year, reported wheat export commitments reached a January peak of over 1.3 million bushels for delivery by June 30, 1974. But actual shipments amounted to only around 1.1 million bushels. To find what happened to contracts representing over 200 million bushels (about 5.8 million metric tons), USDA made an office survey of the weekly records for the period January 28 through June 30, 1974.

It found that about 13 million tons were involved in negative contractual changes. Some 7.3 million of these were deferrals for 1974-75 delivery, shipments of substitute grains, and changes in destination. This left apparent contract cancellations and purchases from foreign resellers of 5.7 million tons. Of this, about 59 percent had been reported in January as sales to unknown destinations and about 41 percent to known destinations.

Thus while sales to unknown destinations do seem less solid than those to known destinations, they are not the culprit visualized by some. Also, should the Government try to ignore the fact that sales to unknown destinations even exist by excluding them from the reporting requirement (assuming it could be done legally) it would be overlooking important information. Or the buyer and seller might "manufacture" a destination, for their own reasons, which would distort the data published and make evaluation even more difficult.

As long as foreign buyers strive to maintain flexibility in covering their needs, such sales can be expected to continue to handicap evaluations of the U.S. supply-demand situation.

Meanwhile, the overall export reporting system has been strengthened by the Department's move on October 7 to obtain voluntary prior-approval for certain commodities. This initially affected five products—wheat, corn, grain sorghum, soybeans, soybean meal—and was expanded on October 21 to also cover barley and oats.

The new program provides that exporters obtain advance approval for individual sales of more than 50,000 tons or cumulative 1-week sales of over 100,000 tons of any one product to any one country. They may also receive approval for any changes in destinations that would cause these levels to be exceeded.

Under the new program, the Department has an "early warning" system for detecting sales that might disrupt U.S. markets or cover more than a country's need for current consumption. An important byproduct is that U.S. exporters are, as far as has been determined, making not only their new sales contracts but also their destination options "sub-

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This is the first of several articles focusing on the export reporting system for agricultural products, which has recently been transferred to the Export Sales Division of the Foreign Agricultural Service.

Poland's Rapid Feed-Livestock Growth Paces Future Output

By H. CHRISTINE COLLINS
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THE REMARKABLE growth achieved in Poland's feed-livestock economy in the early 1970's is setting a fast pace for projected Polish agricultural growth for the remainder of the decade.

In 1973, Poland's output of major agricultural products exceeded the Polish Government's official production plans for 1975. Livestock production gains—which are the core of the current 1971-75 Five-Year Plan—were far greater than anticipated.[1] Poland's 1974 cattle population was 13 million head in midyear, 7 percent higher than a year ago; the hog population in midyear was 21.5 million, 9 percent higher than in the previous year.

The growth rates in livestock numbers were especially impressive since they continued the sharp upward course that began in 1970, when the Polish livestock industry was in the doldrums.

From a live weight meat output of nearly 3.7 million tons (equivalent to 2.3 million tons of meat and offal, slaughter weight) in 1973, the latest year for which data was officially reported, Poland was able to export (net basis) 160,000 tons of meat and livestock (carcass-weight equivalent). Moreover, Poland was able to increase per capita consumption of meat to 140 pounds.

The bulk of the livestock output increase occurred on 3.4 million small private farms, supplying about 80 percent of Poland's total marketable livestock.

Poland's expanded agricultural output stemmed largely from policy changes instituted by the Government in 1971. These changes centered largely on increased producer prices for livestock products, with the aim of making livestock production profitable for private farmers. Between 1970 and 1973, Government procurement prices for cattle (excluding calves) increased 54 percent to 18.12 zlotys per kilogram[3] of meat, live weight; calves, 88 percent, to 23.37 zlotys per kilogram, also live weight. The Government procurement price for eggs however, was increased 1 percent.

While beef and veal prices increased more than pork prices between 1970 and 1973, nearly all the price rise for pork occurred in 1971. To improve profitability of livestock output, product prices were generally raised more sharply than grain prices. From 1970 to 1973 the procurement price for wheat was increased 16 percent; for rye, 27 percent; for barley, 22 percent; and for oats, 35 percent.

An expanded feed supply resulting from larger crops and the Polish Government's recently liberalized attitude toward imported feed has also been a boon to the livestock industry. Favorable weather conditions helped Poland to harvest three consecutive record grain crops in the first 3 years of the current 1971-75 Polish Five-Year Plan. Moreover, Poland kept its net grain imports up to about 3 million tons in the 1972 and 1973 marketing years.

Oilseed meal imports (including the net-trade meal equivalent of imported soybeans and exported rapeseed) grew steadily during the early 1970's, reaching 950,000 tons in calendar 1973. A

[1] **See "Poland and Czechoslovakia To Produce More Meat and Milk," *Foreign Agriculture*, Apr. 3, 1972.**

POLAND: PRODUCTION, CONSUMPTION,[1] AND TRADE IN GRAIN, PROTEIN MEAL, AND MEAT
[In 1,000 metric tons]

Item	Grain	Protein meal	Meat
Average 1966-70:			
Production	17,000	360	1,820
Consumption	19,300	710	1,670
Net trade[2]	−2,300	−350	150
1972:			
Production	21,900	330	2,300
Consumption	24,800	1,280	2,140
Net trade[2]	−2,900	−950	160
1980:[3]			
Production	25,200	710	2,875
Consumption	28,800	2,170	2,660
Net trade[2]	−3,600	1,460	215

[1] Includes changes in stocks. [2] Minus numbers indicate net imports; positive numbers are net exports. [3] Projected.

Holstein-Friesian heifers watering at a cooperative farm in Poland's Warsaw Province. In 1973 Poland's output of major agricultural products exceeded the Government's Plan for 1975. The 1974 cattle population—at 13 million head —was far greater than anticipated.

[3] **The effective official rate of exchange is Zl 19.872=US$1.**

1973 rapeseed crop of 512,000 tons (equivalent to 290,000 tons of protein meal), was also available for livestock feed.

According to a USDA study of Poland's feed-livestock complex,[8] Poland's imports of livestock feed will continue to grow for the remainder of this decade. Growth in imports of protein meal will be especially large. Poland could import 3.3 million tons of grain and 1.4 million tons of protein meal in 1980. Average annual imports of these commodities during the 1966-70 base period were 2.3 million and 360,000 tons, respectively.

POLAND'S GRAIN output is projected to grow at a rate of 3 percent annually, but the use of grain for feed (about 55 percent of the country's grain was put to this use in 1966-70) is projected to increase about 5 percent yearly. The increased feed use is a result of growing livestock output coupled with rapid growth in grain-feeding rates. A similar situation is developing in protein meal output and use.

Poland's meat output is projected to grow 3.6 percent annually between 1966-70 and 1980, allowing for a significant rise in meat exports. In terms of convertible hard currency, Poland has had a balanced trade between feed imports and livestock product exports. It is reasonable to expect that Polish policymakers will attempt to maintain or improve this balance.

To export meat products of hard-currency value that favorably balance grain and protein meal imports at the projected level of meat production, policymakers may limit consumption so that livestock exports and per capita domestic consumption rise at the same rate. Poland's meat exports would grow from an average of 150,000 tons during 1966-70 to 215,000 tons in 1980, and per capita meat consumption is projected to increase from about 116 pounds in the base period to some 163 pounds in 1980.

Although pork will continue to dominate meat production and exports, Poland will try to take advantage of any recovery in world beef demand. This demand will be partly met by utilizing the Polish calf reserve, the only such reserve in East Europe suitable for feeding out to heavier weights.

[8] **"The Feed-Livestock Economy of Poland: Prospects to 1980," Economic Research Service, USDA.**

New Dutch Consumption Patterns Could Boost U.S. Farm Sales

By CLINE J. WARREN
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Top, one-stop Dutch shopping center. Right, meat counter in modern Dutch store. Updating of Dutch shopping facilities is one indication of changing consumption patterns in the Netherlands.

RISING PER CAPITA income, the accelerated entry of women into the labor pool, an increased demand for easy-to-prepare foods, and changes in shopping methods are bringing about basic alterations in Dutch consumption patterns. These modifications, in combination with other factors, will probably cause the Netherlands to boost its farm imports in the future and thereby provide U.S. exporters with an opportunity to expand shipments of food and other food-related agricultural products to that country.

If transshipments are not included, the United States exported US$942 million worth of food and agricultural products to the Netherlands in 1973, nearly twice the $525 million of 1972. Major food and food-related export categories (in millions of U.S. dollars) were: Soybeans, 206; corn, 233; wheat, 29; animal feeds, 162; and fresh and frozen meat (including variety meats), 17. The 1973 total also included miscellaneous food preparations, $2 million; and fruits, vegetables, and nuts, $36 million.

Small specialty grocery shops still dominate the consumer market in the Netherlands. But the large supermarket-type outlet is strongly on the increase. Because of the relative spaciousness of the new-type market, shoppers are finding a wider choice of products available. There is also an increasing number of Dutch consumers who do one-stop shopping to buy their food and everyday household needs, and who are planning their shopping lists for one-day-per-week shopping trips.

Dutch per capita real income has risen about 5.5 percent annually in recent years and housewives in particular are benefiting from this upsurge. Some 10 percent of the total labor force consisted of married women in 1972, compared with 4 percent in 1960. With the added family income and the reduced time for household chores resulting from entry into the labor pool, housewives are spending more money for food, particularly for products that shorten in-kitchen chores.

Dutch housewives are buying a wider variety of higher quality foods that come in many different forms—dried, frozen, and canned, for example—featuring built-in conveniences that please a working wife. The demand for ready-to-cook foods, while small in comparison with that in the United States, is nonetheless growing rapidly. In addition to increased sales of convenience foods, there is also a shift toward specialty items.

THE NETHERLANDS: ANNUAL PER CAPITA CONSUMPTION OF PRINCIPAL FOOD COMMODITIES

Commodity and unit		Average			Annual		
		1955-59	1960-64	1965-69	1970	1971	1972[1]
Cereals:							
Wheat[2]	lb.	172.8	151.7	134.3	124.8	124.3	123.9
Other	lb.	19.0	40.7	20.5	22.2	22.3	19.8
Total	lb.	191.8	192.4	154.8	147.0	146.6	143.7
Sugar[3,4]	lb.	101.0	107.4	113.5	115.3	115.7	116.4
Potatoes	lb.	198.4	214.9	200.8	188.3	187.6	183.0
Pulses	lb.	5.0	4.2	4.4	3.5	3.5	3.0
Vegetables	lb.	146.6	157.2	170.4	177.2	192.0	195.1
Nuts[5]	lb.	(6)	6.2	6.8	7.9	8.6	9.9
Fruit	lb.	119.7	149.2	186.3	188.9	195.1	199.5
Eggs	lb.	24.7	27.5	26.9	26.7	24.7	24.2
Poultry meat	lb.	5.7	5.9	10.1	12.1	12.6	15.2
Fish[7]	lb.	19.4	20.7	22.9	23.1	23.8	25.6
Red meat:							
Beef	lb.	33.1	39.7	40.3	41.9	40.6	38.8
Pork and bacon	lb.	45.6	49.6	57.1	58.4	64.6	63.5
Other	lb.	11.9	15.4	15.9	17.4	18.0	22.2
Total	lb.	90.6	104.7	113.3	117.7	123.2	124.5
Dairy products[8]	lb.	459.4	406.5	384.5	367.5	365.3	360.0
Oils and fats[9]	lb.	53.4	53.6	55.5	59.7	59.3	58.4
Wine	qt.	1.6	2.6	4.6	6.1	6.9	8.2
Beer	qt.	(6)	(6)	[10] 52.8	60.7	65.7	69.8

[1] Preliminary. [2] Includes wheat flour imports as wheat equivalent. [3] Includes syrup and honey. [4] Given in terms of refined sugar. [5] Excluding chestnuts. [6] Not available. [7] Fresh basis. [8] Excluding butter. [9] Less marine oils and fats. [10] Data for 1959 only.

The average Dutch housewife now brings home from the grocery a volume of food about 2 percent greater for each person in the family than she did 10 years ago. This per-family boost, along with a population that grew from 11.5 million in 1960 to 13.4 million in 1973, means that overall food consumption has increased markedly in just a relatively few years.

Compared with a decade ago, the average Dutch consumer now buys more meat and poultry per capita; more processed fruits, nuts, and vegetables; and larger quantities of salad and cooking oils, sugar, beverages, and more dairy products. Fresh milk and butter use is falling off, however, along with consumption of some cereal products, eggs, pulses, and potatoes.

Although the Netherlands is at present self-sufficient in production of sugar, most vegetables, and livestock products, it imports slightly over one-half the wheat it consumes, along with two-thirds by volume of all other grains. Also significant is its growing dependence on foreign sources for much of its fruit supplies.

NOT INCLUDING CITRUS, about 25 percent of all fresh, dried, and preserved fruit consumed in the Netherlands is now imported. This is in marked contrast with the situation that prevailed as recently as 1960 when domestic noncitrus fruit production was 35 percent greater than consumption.

Fresh fruit consumption rose from about 105 pounds per person in 1960 to 141 pounds in 1972. Citrus and bananas accounted for the major share of this growth—rising from 44 pounds per capita in 1960 to 66 pounds in 1972.

Improved domestic storage facilities have made apples available throughout the year. Even so, growing prosperity has created an import demand for fresh, high quality apples during the spring months.

Pork and broilers have been the big gainers in the Dutch move toward increased meat consumption. The rise in pork and poultry use has mainly been due to its lower price compared with beef. The jump in poultry consumption also resulted from changes in the pattern that once considered poultry meat a weekend specialty or the fare for selected holidays. There is also a growing trend toward greater consumption of turkeys and other poultry specialty

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Japan Imports Less Cotton In 1973-74—U.S. Share Up

TOTAL JAPANESE imports of raw cotton dropped during the August 1973-July 1974 marketing year, but U.S. cotton sales represented a larger share of the market than in the previous marketing year.

Continuation into 1974-75 of the currently reduced rate of cotton consumption will probably result in a further cut in imports and may also adversely affect purchases of U.S. cotton. The U.S. share of the market, however, should remain about the same.

The reduction in total 1973-74 Japanese raw cotton imports was about 4 percent—from a record 3.9 million bales in 1972-73 to approximately 3.7 million bales a year later. (All bales are 480 lb net.) In contrast, the U.S. market share rose from 24.9 percent to 35.5 percent—a jump from about 965,000 bales in 1972-73 to 1.3 million bales in 1973-74. According to trade sources, 1973-74 cotton imports would have been even higher—perhaps by 90,000 bales—if suppliers had not defaulted on contracts and if the oil shortage—and other conditions—had not caused delays in shipment.

Imports of cotton in 1974-75 are estimated at 3.3 million bales, of which about 1 million bales are expected to be of U.S. origin.

The 1.3 million bales imported from the United States in 1973-74 consisted of about 425,000 bales of Orleans/Texas (1 inch and below), 300,000 bales of Arizona (1-1/32 to 1-3/32 inches), 375,000 bales of California (Acala varieties), and about 200,000 bales of cotton from other U.S. cotton areas.

Following the United States, Japan's five most important cotton sources in 1973-74, in order of importance, with shipments in thousands of bales (data for the 1972-73 marketing year in parentheses) were: The Soviet Union, 540 (589); Mexico, 437 (467); India, 225 (132); Egypt, 225 (183); and Brazil, 175 (237).

Other important suppliers were: Guatemala, Sudan, Nicaragua, Pakistan, Turkey, Uganda, El Salvador, Chad, Iran, Mozambique, and Peru. Shipments from these countries ranged from 131,000 bales from Guatemala to 21,000 bales from Peru.

Some of these suppliers had refused to ship cotton at previously agreed prices. The United States and the Soviet Union were the only significant suppliers of cotton that actually made deliveries at original contract prices.

The "textile recession"—which continued from February 1974 to the end of the 1973-74 marketing year and is expected to run into the 1974-75 season—was brought about by Japan's general economic downtrend.

Japan's consumer price index rose 23 percent from January 1973 to the same month in 1974 and 25 percent during the July 1973-July 1974 period. Real income for the 5-month period of December 1973-April 1974 actually declined compared with the same period a year earlier.

Because the rising cost of other necessities caused Japanese consumers to cut their textile purchases, the Japanese spinning industry in June 1974 drew up plans to help counteract the textile recession. These included a voluntary 30 percent cutback in textile production beginning in July, a move by spinners to get traders and others to reduce imports of textiles and other cotton products (the Japanese Government has no authority to restrict cotton imports so it must be done on a voluntary basis) a drive to promote Japanese textile exports, and an appeal to the Government for a change in its present tight money policy. In general, these moves have met with only minimal success.

By the end of July 1974, production was down only 5.1 percent from the previous month and only 7 percent from that of July 1973. The textile union is resisting the industry's effort because the union believes it would mean a cutback in the number of employees engaged in manufacturing textiles.

No apparent improvement had occurred as of mid-September in the industry's effort to curtail textile imports. While imports of cotton yarns and fabrics did decline by 31 and 46 percent, respectively, in the first 6 months of calendar 1974, imports of secondary cotton products rose by 117 percent.

And with Japan apparently losing its competitive edge in world textile markets because of rapidly rising production costs, the export promotion campaign has reportedly had disappointing results. But it has been reported that the Government is studying the possibility of establishing a "public agency" to buy surplus textile stocks.

Despite the apparent lack of success in this program, not all members of the trade are pessimistic about the future of the Japanese industry. Some believe that the recession will be over by the end of calendar 1974 and the growth that will take place—beginning in early 1975—will nearly offset the present low state of textile sales. As a result they expect 1974-75 annual operating figures to be not far below those racked up in 1973-74. But the economic outlook is uncertain at this time, and no one can be sure. —Based on report from *Office of U.S. Agricultural Attaché, Tokyo*

JAPAN: IMPORTS OF RAW COTTON BY COUNTRY OF ORIGIN FOR MARKETING YEARS 1972-73 AND 1973-74

[In thousands of bales, 480 lb net]

Country	1972[1]	1973[1]
United States	966.5	1,323.4
Mexico	467.5	437.3
Guatemala	180.1	131.3
El Salvador	238.1	44.1
Nicaragua	235.0	102.1
Peru	1.1	21.2
Brazil	236.7	174.9
India	131.8	225.1
Pakistan	308.1	70.2
Egypt	182.6	224.9
Sudan	92.2	107.7
Turkey	20.2	55.5
Uganda	49.6	52.9
Soviet Union	589.5	539.9
Iran	12.4	33.8
S. Yemen	0	2.8
Syria	8.8	6.1
Honduras	9.6	18.2
Former French Africa[2]	33.6	61.2
Tanzania	18.8	12.4
Mozambique	36.8	30.1
Australia	34.8	10.7
Others	28.3	41.7
Total[3]	3,883.0	3,728.0

[1] Marketing year beginning Aug. 1. [2] Senegal, Ivory Coast, Togo, Upper Volta, Dahomey, Cameroon, Mali, Chad, Niger, Central Africa Republic. [3] May not add to total because of rounding. Sources: Custom Bureau, Japanese Ministry of Finance.

Poultry Output Slows

Continued from page 4

to that time exceed 1973's by 3 percent. Thus, broiler production for 1974 is likely to total about 735 million pounds —3 percent above last year's. Canadian turkey production will probably advance about 7 percent this year.

Efforts by the Canadian Turkey Marketing Agency (CTMA) to support prices have been limited principally to restricting imports. If the price objectives of CTMA are attained, however, production may increase in 1975, unless restraints are applied.

Canadian broiler prices are high, compared with U.S. prices, partly because provincial marketing boards made production allotments in some provinces. The Government is currently considering establishing a national broiler marketing agency.

After declining in 1973, poultry meat production in Mexico for 1974 is expected to recover to 1972 levels—an estimated 535 million pounds. The decline, and subsequent recovery, was almost entirely in broilers.

AFTER EXPANDING rapidly in the late 1960's and early 1970's, Argentina's broiler industry has retrenched and output in Venezuela has stabilized, but Brazil has almost trebled its output in the past 5 or 6 years. In 1973 Brazil became South America's largest producer of poultry meat. Output in 1974 —largely of broilers—is expected to reach 765 million pounds.

In the European Community, rising production costs, sluggish demand, and stock buildups adversely affected broiler producers in first-half of 1974. At midyear producer representatives agreed to production cutbacks, generally 5-10 percent of annual output, to be effected in the last 6 months of the year.

While these cuts in broiler output were not fully achieved in all countries, supply pressures have abated somewhat. From June through October, exports were subsidized at 6-8 cents per pound, creating problems for U.S. producers seeking to export. Strengthened demand from the oil-rich Mideast countries partially relieved EC inventory pressures. Even so, price relationships in the EC poultry meat industry are still not favorable, due to higher costs of production.

Mid-1974 chick placements in representative EC countries were 5-15 percent below 1973's, but trends in turkey poult placements were mixed. The year's production increase for turkeys, as for broilers, was concentrated relatively early in the year.

Factors dampening poultry production in the EC are not likely to abate at least until well into 1975. These include high feed prices, a reported drop in real income, and a serious beef oversupply. Therefore, poultry meat output in 1975 is expected to be down significantly—perhaps by as much as 10 percent. Broilers and turkeys will share in this decrease.

Poultry meat output in the Soviet Union in 1974 rose an estimated 4 percent over last year. In other centrally planned countries of Eastern Europe, however, 1974 production is probably little changed. Very slight increases were reported by Austria, Greece, Spain, Switzerland, and Lebanon.

Despite low or nonexistent profits the Japanese broiler industry expanded in 1974, although at a slower rate than 1966-73, when output quadrupled. A 1975 increase in broiler output of 6-8 percent is possible, compared with the 1974 total of 1.3 billion pounds.

Problems in minimizing pollution from animal wastes are also restricting expansion of the Japanese broiler industry, which tends toward large integrated units. Total poultry meat production in 1974 is estimated at slightly over 1.5 billion pounds.

Australia is about self-sufficient in poultry meat production. Production has continued to increase gradually—about 3 percent annually—in the past 3 years, after increasing 70 percent from 1966 to 1971. Poultry meat output in 1974 is likely to exceed 380 million pounds.

POULTRY AND EGG PRODUCTION IN MAJOR COUNTRIES

Country	Poultry meat			Eggs		
	1972	1973	1974	1972	1973	1974
	Mil. lb.	*Mil. lb.*	*Mil. lb.*	*Mil.*	*Mil.*	*Mil.*
North America:						
Canada	981.1	1,042.9	1,065	5,621	5,540	5,682
Mexico	537.9	490.8	535	7,100	7,157	7,400
United States	11,103.9	10,992.0	11,023	69,879	66,551	65,628
South America:						
Argentina	767.1	669.9	650	3,396	3,050	3,450
Brazil	535.8	708.0	765	10,290	10,350	10,500
Peru	139.0	161.1	165	1,050	1,190	1,200
Venezuela	159.1	179.6	175	1,455	1,572	1,700
Western Europe:						
Belgium-Luxembourg	248.7	243.9	244	3,950	3,867	4,000
Denmark	188.0	198.6	207	1,227	1,212	1,200
France	1,539.9	1,723.4	1,750	11,800	12,400	12,700
West Germany	575.4	604.0	566	16,143	15,506	15,000
Ireland	76.6	87.3	85	734	714	650
Italy	1,812.0	1,882.7	1,985	10,612	11,564	11,700
Netherlands	690.4	721.2	690	4,421	4,701	4,850
United Kingdom	1,384.3	1,482.9	1,496	14,736	13,800	14,160
EC-9	6,515.3	6,944.0	7,023	63,623	63,764	64,260
Austria	97.9	108.9	105	1,542	1,564	1,500
Finland	13.7	14.0	14	1,324	1,324	1,324
Greece	183.0	176.4	185	1,919	2,140	2,175
Norway	15.5	19.8	18	654	665	665
Spain	725.3	760.6	765	7,440	7,525	7,600
Sweden	61.7	70.5	68	1,710	1,730	1,730
Switzerland	37.3	39.2	40	742	762	722
Eastern Europe:						
Bulgaria	238.0	240.0	240	1,723	1,734	1,790
Czechoslovakia	284.4	295.0	295	4,050	4,100	4,200
East Germany	229.3	242.0	240	4,460	4,500	4,600
Hungary	502.6	505.0	500	3,300	3,500	3,500
Poland	350.5	385.0	385	7,476	7,505	7,650
Romania	319.7	330.0	330	4,200	4,500	4,500
Yugoslavia	317.5	344.0	345	3,050	3,250	3,250
USSR	2,727.1	2,855.0	2,976	47,900	51,540	54,000
Australia	361.9	374.4	375	3,011	3,396	3,400
Japan	1,367.7	1,518.8	1,538	29,915	30,082	30,000
Total	28,627.9	29,466.9	29,820	286,140	288,605	292,426

CROPS AND MARKETS

TOBACCO

Low U.S. Tobacco Stocks Push Prices, Imports Up

U.S. production of flue-cured and burley cigarette leaf tobacco has been substantially below domestic and export requirements in the past 2 crop years, resulting in a tight supply situation, record high prices, and increased imports. As supplies were reduced, loan stocks held by price support associations have been practically depleted.

Flue-cured auction markets for the 1974 crop closed November 21 with sales about 60 million pounds below disappearance (domestic consumption plus exports) and with record prices averaging $1.05 per pound—up 19 percent from the 1973 level. Burley auction markets opened November 25 with tighter supplies and prices averaging over 20 percent above those of last year.

Tight supplies have also led to sharply increased flue-cured and burley cigarette tobacco imports. During January-October 1974 arrivals of these tobaccos have risen 20 percent to 40 million pounds. Duty paid imports, which come principally from Brazil, Mexico, Argentina, Korea, and Italy, have nearly quadrupled, while the balance remains in bond.

Also, duty paid imports of scrap tobacco (mechanically threshed leaf) from these sources have increased over 60 percent in this period to 27.1 million pounds. Increased imports are reflected in the October 1, 1974 stocks-on-hand reports by manufacturers and dealers that indicate foreign-grown flue-cured is up 44 percent and burley is up 146 percent.

These heavy purchases of foreign-grown tobaccos are likely to continue as long as U.S. supplies remain tight. The U.S. Department of Agriculture announced a production increase of 15 percent in the basic quota for the 1975 crop flue-cured tobacco on November 27 and is expected to announce burley quotas prior to February 1, 1975.

Canadian Flue-Cured Market Opens

The Ontario tobacco auction market opened October 28 with prices averaging 94 U.S. cents per pound, up about 20 cents over 1973 opening prices. If the market follows last year's trends the crop could average US$1.02 per pound.

Industry estimates place Ontario's crop at about 242 million pounds, compared with 236 million last year.

EC Announces Tobacco Tender Sale Results

The European Community Commission has published results of an invitation to tender for export 17.2 million pounds of 1970 crop tobacco held by the Italian intervention agency.

As expected, the bids accepted were considerably below the intervention prices for the tobacco. The bids ranged from a low of about 6 cents per pound for a 1.8-million-pound lot of dark air-cured Nostrano to 58 cents per pound for 260,000 pounds of flue-cured. No bids were accepted for two lots of Maryland and dark air-cured Beneventano totaling 1.4 million pounds.

The bids accepted fell some $10.8 million short of the combined intervention prices for the eight lots sold. The prices bid will make it possible to export the tobacco at extremely favorable prices.

GRAINS, FEEDS, PULSES, AND SEEDS

Rotterdam Grain Prices and Levies

Current offer prices for imported grain at Rotterdam, the Netherlands, compared with a week earlier and a year ago:

Item	Dec. 3	Change from previous week	A year ago
	Dol. per bu.	*Cents per bu.*	*Dol. per bu.*
Wheat:			
Canadian No. 1 CWRS-13.5	6.50	+18	5.74
USSR SKS-14	(1)	(1)	(1)
Australian FAQ[2]	(1)	(1)	(1)
U.S. No. 2 Dark Northern Spring:			
14 percent	6.41	+18	5.72
15 percent	6.54	+20	(1)
U.S. No. 2 Hard Winter:			
13.5 percent	6.15	+16	5.61
No. 3 Hard Amber Durum	8.26	+18	8.61
Argentine	(1)	(1)	(1)
U.S. No. 2 Soft Red Winter	(1)	(1)	(1)
Feedgrains:			
U.S. No. 3 Yellow corn	4.06	+2	3,25
Argentine Plate corn	4.45	−2	3.56
U.S. No. 2 sorghum	4.12	−5	3.30
Argentine-Granifero sorghum	4.31	+2	3.28
U.S. No. 3 Feed barley	3.86	+1	2.72
Soybeans:			
U.S. No. 2 Yellow	8.24	+34	6.94
EC import levies:			
Wheat	0	0	0
Corn	0	0	0
Sorghum	0	0	0

[1] Not quoted. [2] Basis c.i.f. Tilbury, England.
NOTE: Price basis 30- to 60-day delivery.

Philippines Sets Wheat Import Subsidy

A wheat subsidy has been authorized for the Philippines, and the National Grains Authority (NGA) will develop and implement a wheat importation program. Complete details are lacking, but reports indicate the subsidy will be applicable for the first half of calendar 1975. The current allocation is $68 million.

Under the program, the Government will forego approxi-

mately $14.6 million in duties and taxes in order to prevent any increase in flour prices. The NGA will import the wheat duty-free and waive the advance sales tax payment.

Mills currently pay an import duty of 10 percent assessed on 110 percent of the f.o.b. value and an advance sales tax assessed on 105 percent of the total landed cost of imported wheat. Based on the current price of wheat in Manila, it is estimated that the subsidy will amount to about $45 per long ton or 17 percent.

PRC Winter Wheat Area Seen Greater

Sowing of winter wheat was completed by the end of October in the 11 northern provinces, autonomous regions, and municipalities that make up the People's Republic of China's most important wheat belt. Sown acreage figures were not given, but the Chinese are claiming that winter what acreage increased by 980,000 acres in those provinces that account for about 60 percent of the PRC's total winter wheat area. Planting of winter wheat has not been completed in South China. With increasing emphasis on winter wheat in this area, an additional increase of 494,000-740,000 acres appears possible at this time.

Argentina Estimates Corn Area Lower, Wheat Higher

The first official estimate places Argentina's 1974-75 corn acreage at 10.1 million acres compared with 10.2 million acres planted last year. Industry sources, however, are expecting this year's corn acreage to exceed 1973-74 by 5-10 percent because recent rains in the major producing areas and in marginal zones will permit additional sowings.

The area planted to wheat in 1974-75 is placed at 10.2 million acres by the third official estimate, an increase of 20.4 percent over the previous year. However, increased acreage has been more than offset by drought in the main producing areas, and trade sources are estimating 1974-75 wheat production from 5.8 million to a maximum of 6 million metric tons, including Durum. Wheat production totaled 6.6 million tons in 1973-74.

FRUIT, NUTS, AND VEGETABLES

Caribbean Banana Losses

Banana industries in Guatemala and Honduras were the hardest hit by Hurricane Fifi, which brought high winds and heavy rains to the Caribbean coast September 18-20.

Estimated losses to Guatemala's banana industry from damaged fruits, plants, and input losses are US$5 million. Banana production was reduced by 2.5 million boxes (40 lb each) or approximately a quarter of total export volume.

The Honduran crop is expected to be down 75-80 percent. Bananas normally account for 60 percent of Honduras export earnings. Much of the damaged area in both countries is not expected to be in full production again until June 1975.

The United States is the major export market for both countries. In 1973, 9 percent of the total U.S. banana imports originated from Guatemala and 35 percent from Honduras.

Whether banana companies will attempt complete rehabilitation of hurricane-damaged estates remains uncertain. In Honduras, prospects of initiating full-scale rice culture may be considered and in Guatemala small-scale research on pineapple and papaya production is being conducted.

Infrastructure losses in both Guatemala and Honduras were low. Banana companies, including independents, suffered the greatest physical and economic losses. Since a major portion of losses and the cost of reconstruction are the responsibilities of private and multinational investors, the magnitude of the disaster confronting the two Governments is greatly reduced.

West Germany Issues Asparagus Tender

West Germany has announced a tender allowing imports of canned asparagus cuts and tips from a large number of countries including the United States. Applications for import licenses may be made until June 26, 1975. Licenses issued will be valid until June 30, 1975. The first day of customs clearance is January 1, 1975.

Iranian Walnut Harvest Down

The 1974 Iranian walnut crop currently is estimated at 3,000 metric tons (inshell basis), compared to 3,200 metric tons in 1973. The slight decline is attributed to the illegal cutting down of walnut trees for use as wood. During 1973-74, Iranian walnut exports totaled 350 metric tons, compared to 7 metric tons the year before. Exports for the 1974-75 season are forecast at 300 tons. Although Iranian walnuts are in demand by neighboring countries (including Eastern Europe), a strong domestic demand limits exports.

South African Dried Fruit Output Down

Revised estimates indicate 1974 South African dried fruit production totaled 11,250 metric tons, 43 percent below the 1973 crop of 19,945 metric tons. Production of individual items in metric tons, with 1973 in parentheses, is as follows: Raisins, 5,720 (14,860); currants, 710 (470); prunes, 1,650 (860); apricots, 790 (1,010); apples, 270 (150); peaches, 1,410 (1,630); pears, 590 (810); and other, 110 (155). Heavy rains and floods hit the Orange River production area during the height of the 1974 harvest.

South Africa's total 1973 dried fruit exports were 10,050 metric tons, 27 percent above those for 1972. Exports (in metric tons) of raisins totaled 7,973; apricots, 818; peaches, 460; and other fruits, 799. The United Kingdom, Canada, and Japan are the leading export markets.

EC Commission Says "No" To French Walnut Producers

On November 13, the European Community Commission rejected the French Government's formal petition to invoke safeguard measures against imported walnuts. The request was aimed at the fairly heavy movement of California walnuts into West Germany and, to a lesser extent, Belgium and the Netherlands. Prices for the California product have been significantly lower than the French asking prices.

Belgian Hops Production Up

Preliminary estimates place Belgium's 1974 hops harvest at 4.9 million pounds, slightly above the 4.5 million pounds in 1973. The increase is attributed to higher average yields, which more than offset a slight decline in area planted to hops (2,915 acres in 1974, compared to 2,932 acres in 1973).

Belgium's hops exports for 1973-74 are estimated at 6.7

million pounds (including hop equivalents of extracts), about the same level as that of 1972-73. While exports of fresh hops declined by 27 percent during 1973-74, shipments of hops extract rose by 23 percent, reflecting increased sales to France. Imports of hops into Belgium for 1973-74 amounted to 9.3 million pounds (including hop equivalent of extract). This represents 15 percent over the previous year's level of 8 million pounds. Most of the imports came from West Germany and Czechoslovakia.

1974 Canadian Potato Production Up

Data released by Statistics Canada on November 22, 1974, indicating the condition of the Canadian potato crop as of October 23, places the total crop at 53.5 million hundredweight (cwt). The revised estimate represents an increase of about 5.1 million cwt from the mid-September forecast and an increase of 5.9 million cwt from the preceding year. The larger total production figure is attributed to a much greater yield per acre in 1974, as the estimated area under cultivation remained almost the same as the area estimated in the mid-September forecast.

Production in 1973 and 1974, by Province, in 1,000 cwt, is:

Province	1973	1974
Prince Edward Island	9,553	10,304
Nova Scotia	557	638
New Brunswick	10,256	13,398
Quebec	7,275	8,425
Ontario	7,265	8,120
Manitoba	4,400	4,900
Saskatchewan	580	530
Alberta	4,500	4,000
British Columbia	3,200	3,200
Total	47,586	53,515

Japan's Hops Output Down

Principally because of reduced planted area and low per acre yields, the Japanese hops crop for 1974 is estimated at 5.1 million pounds, 10 percent below the 1973 output of 5.8 million pounds. Harvested area in 1974 was reported at 3,430 acres, down 220 acres from that harvested in 1973, and 500 acres below the 1970 area. The major reasons for these acreage losses are shortages of farm labor and increasing costs of production.

Imports of hops are forecast at 8.2 million pounds in the 1974-75 year, compared to 7.8 million in 1973-74, and 6.7 million in 1972-73. Principal suppliers during 1973-74 were West Germany, Czechoslovakia, and the United States.

Flax Harvest Up, Stocks Show Drop

World flaxseed production in 1974 is now estimated at 2.36 million metric tons, or about 2 percent above the revised 1975 estimate of 2.31 million metric tons. Smaller flaxseed crops were reported in such major producing countries as the United States and Canada, while production increased in Argentina, India, Poland, Uruguay, and probably the USSR, and certain smaller producing countries.

In the three major producing-exporting countries of Canada, the United States, and Argentina, combined beginning stocks of flaxseed and linseed oil for 1974-75 are estimated at about 130,000 metric tons (oil basis), a decline of nearly 40,000 tons from the revised carry-in stocks for 1973-74.

Total supplies of flaxseed and linseed oil in these countries in 1974-75 are calculated at approximately 525,000 tons (oil basis), 50,000 tons below the 575,000 tons available in 1973-74 and 315,000 tons below the 840,000-ton supply in 1972-73.

Spain's Hops Harvest Favorable

Both favorable weather and adequate disease control programs contributed to an increase in the 1974 Spanish hops crop, now estimated at 5.4 million pounds, slightly above the 1973 harvest of 5.3 million pounds. Area planted to hops declined in 1974 to 4,446 acres, compared to 4,673 acres in 1973. The decrease in acreage has been offset by higher than normal yields.

Spain does not export hops, but it imports to meet domestic needs. During 1973-74, Spain imported 628,300 pounds of hops and 171,959 pounds of extract. During 1974, the People's Republic of China reportedly for the first time exported hop extract to Spain, amounting to 66,138 pounds.

OILSEEDS AND PRODUCTS

U.S. Soybean Shipments To Japan Down in 1974-75

Based on weekly inspection reports, U.S. exports of soybeans to Japan between September 1 and November 15, 1974, totaled 21.1 million bushels, the lowest volume for that period since the 1968-69 season. The Weekly Sales Report shows commitments to Japan (outstanding sales and exports) now total 147 million bushels for marketing year 1974-75, well above the volume indicated likely by recent trade data.

USDA is projecting U.S. soybean exports to Japan during marketing year 1974-75 at about 110 million bushels.

Brazil Bars Soybean Imports Because of Rust

A report from São Paulo says that the Brazilian Government on August 29, 1974, passed a resolution prohibiting imports of soybeans from Asia and Oceania. Brazil, world's second largest producer of soybeans, has passed this measure to prevent the occurrence of "soybean rust," a serious problem for countries in the Orient.

The Ministry of Agriculture, however, plans to import small quantities of soybeans from these areas for study by scientific institutions in an attempt to find ways to control the disease.

All soybean imports into Brazil are now being inspected thoroughly to prevent contamination.

Malaysia's Palm Output And Trade Increasing

West Malaysia's palm oil production through August 1974 is estimated at 543,716 metric tons, a 20 percent increase over the 452,106 tons produced in January-August 1973. Estimated palm kernel production in the same months of 1974 reached 109,919 tons, up 10 percent from 1973's 8-month total of 93,965 tons.

Palm oil exports, totaling 490,564 tons through August,

were 10 percent higher than the 443,943 tons shipped in the comparable period in 1973. Palm kernel oil exports, at 58,032 tons, were 33 percent higher than the January-August 1973 total of 43,396 tons.

East Malaysia (Sabah) exported 50,348 tons of palm oil, compared with 46,144 tons through August 1973.

LIVESTOCK AND PRODUCTS

EC Cuts Irish Beef Export Subsidy

Following the mid-October devaluation of the Irish pound for agricultural products, the European Community reduced the Irish export subsidy for boneless beef shipped to the United States. The subsidy for beef products exported to other destinations was increased.

According to the Irish Meat and Livestock Board, the net refund for boneless frozen beef exported to the United States as of October 15 was 1.3 U.S. cents per pound, compared to 1.7 cents at the end of September. The subsidy for exports to other non-EC countries was increased from 14.2 cents per pound to 26 cents.

New Zealand Announces Lamb Diversion Program

New Zealand's meat producers' board has announced a program to divert 29 percent of lamb meat exports from the traditional British market in the 1974-75 marketing season.

This amount represents an increase of 6 percent from the 1973-74 program target. While the target for 1973-74 was 23 percent, final statistics indicate a 26 percent diversion probably was achieved.

Exporters failing to achieve this target will be subject to a penalty equivalent to 1.3 U.S. cents per pound.

The diversion program began during the 1967-68 marketing season and has been expanded from 12 percent to the current 29 percent level.

New developments for lamb meat sales in Iran, Iraq, and possibly, Kuwait and Egypt, plus a harder push in the North American market, should absorb this extra availability of New Zealand lamb meat.

DAIRY AND POULTRY

EC Boosts Import Price of New Zealand Dairy Products

The European Community Council of Ministers approved an 18 percent increase in the price New Zealand can charge for its butter and cheese exports to the United Kingdom. The increase probably will go into effect January 1, 1975.

New Zealand had requested a 31 percent increase to compensate for higher production and transportation costs that have occurred since implementation of the Luxembourg agreement in February 1973. Under the agreement, prices received by New Zealand for butter and cheese were limited to average prices received during the period 1969-72.

Higher prices for New Zealand butter and cheese will supposedly not be passed along to consumers. Instead U.K. levies will be reduced by 18 percent to absorb the increase.

U.K. Dairy Support Purchases Down

Intervention purchases of skimmed milk powder in the United Kingdom dropped from 43,447 tons during the first 9 months of 1973 to 3,167 tons during the first 9 months of 1974. Butter purchases dropped from 26,400 tons to zero during the same period. The reduced intervention offers are attributed to a slight decrease in milk production and an increase in consumption of fluid milk and dairy products. The U.K. consumer subsidy contributed substantially to the increased consumption.

Swiss May Limit Cheese Imports

Switzerland's Chamber of Deputies has proposed steps to impose a variable duty surcharge on cheese imports, whenever such imports threaten to undercut the price of domestic cheese. In recent years, imports have been about 30 percent of Switzerland's net supply of cheese for domestic consumption, after exports. The European Community is the major supplier to the Swiss market.

Proceeds from the new duty reportedly will be used to subsidize the export of cheese from Switzerland.

USSR Milk and Poultry Output Higher

Milk production for USSR State and collective farms was reported to be 110.7 million pounds for the January-September 1974 period—an increase of 7 percent from the same period last year. The larger output resulted from a 3 percent rise in cow numbers, combined with a higher yield per cow.

Additionally, egg and poultry meat production for this period increased 12 and 19 percent, respectively.

EC Changes Poultry Levies

On November 13, 1974, the European Community Commission reduced supplementary levies on whole turkey and turkey breasts imported from the United States, but increased the levies on turkey thighs, shell eggs, and egg products, effective November 17, 1974. The new levies (with old levies in parentheses) in U.S. cents per pound, are as follow: Whole turkey, 2.74 (8.21); turkey breasts, 27.36 (30.10); turkey thighs, 49.25 (38.30); shell eggs (except for hatching), 24.62 (19.15); dried eggs, 16.42 (8.21), and dried egg yolks, 21.89 (10.94). The levy on other products remained unchanged.

These changes in supplementary levies brought total import charges—as a percent of the U.S. offer prices on the Hamburg market—for turkey breasts, drumsticks, and thighs to 43, 40, and 147 percent, respectively.

Other Foreign Agriculture Publications

- Jute and Kenaf Production Down in 1974-75 (FVF 3-74)
- Imports of Oilseed and Meals Decline in Markets (FOP 9-74)
- September Raw Cotton Exports Low (FC 20-74)

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Dutch Consumption Patterns Changing

Continued from page 13

items, many new on the Dutch market.

Because of the higher price of beef, per capita annual consumption has been around 39-42 pounds during the last decade. On the other hand, annual pork consumption has gone from about 50 pounds per capita during the 1960-64 period to about 63 pounds for 1972.

Beef supplies in the Netherlands are largely a byproduct of the dairy industry. Beef availability depends on the price farmers are getting for dairy products. As these prices rise, there is less of a tendency to cull dairy herds. This in turn reduces the supply of beef available, and pushes prices up and consumption down. Such has been the case for the years immediately prior to 1973.

The reason for the decrease in per capita egg consumption is less obvious. Attributed generally to changing eating habits, the drop in egg use reportedly came about when a more hectic living pattern replaced one which allowed quiet family breakfasts with the traditional boiled eggs. Moreover, there is a growing trend toward the Continental breakfast in Dutch hotels—tea or coffee, jam, and rolls, but no eggs.

No product illustrates the change in Dutch dietary habits more clearly than the potato. Once a staple in the diet of most Dutchmen, annual potato consumption in the 1960-64 period averaged nearly 215 pounds per person. It dropped steadily to about 183 pounds per person per year in 1972 and may drop further unless such items as partially cooked, frozen french fries, potato chips, and instant mashed potatoes catch on and reverse the trend.

Cereal products purchased by the average Dutch consumer have dropped at a rate of about 2 pounds per person per year since mid-1955. While this rate of decline has slowed somewhat of late, indications are that the end of the downpath is not yet in sight. Wheat flour has fared only slightly better than the total cereal group. Only rice has withstood the onslaught of changing eating habits.

Dutch food additive laws are very strict at present. These forbid the use in processed foods of many additives that have become commonplace in the United States. But, if Dutch food and drug regulations are softened in the future, this action would, in turn, greatly increase the number of U.S. processed food items that could be sold.

Unknown Destinations

Continued from page 10

ject to USDA approval."

Thus, under the new procedure, export shipments will probably be made to a destination known to the exporter and the Department, unless the contract is cancelled by agreement of the parties. This new system, of course, does not affect contracts made prior to October 7 or control destination changes (diversion or transshipment) that take place after the commodity has left American shores. Nor does it make any easier the task of determining whether export sales will result in actual delivery.

Aside from a few early misunderstandings, administrative reviews of exporters' records have revealed no reporting failures or reporting of sales that are not bona fide export sales contracts. At the same time, it is observed that all trade contains an element of speculation, whether by governments or business firms. Unknown destination sales are not unique in this respect.

U.S.-Polish Accord

Continued from page 5

some during the first quarter of fiscal 1975 but should pick up again in the second quarter.

This growing reliance on the United States has significantly changed the direction of Polish imports. Those from the industrial West have jumped from only 26 percent of total imports in 1970 to about 42 percent in 1973, while imports from CMEA countries have fallen from 66 percent in 1970 to around 50 percent in 1973.

In turn, Poland's foreign exchange position has been affected. Poland in 1973 achieved for the first time in many years a modest positive balance of trade with CMEA countries, but its trade deficit with the industrial West exceeded $1 billion.

This deficit could eventually become an obstacle to further rapid growth in U.S. sales to Poland. However, most observers feel Poland will bear the burden of a near-term deficit in order to bring in the raw materials and technology needed to spur agricultural and industrial expansion.

One likely outcome is that the country will shift from an agriculture-based trade with the United States (agricultural products accounted for about 85 percent of U.S. sales to Poland and slightly less than half of Polish sales to the United States in 1973) to one that includes more industrial products, equipment, and technology. Areas in which trade growth is expected to be particularly strong include machinery, equipment, and technology needed by a modernizing livestock industry, and agribusinesses such as food-processing operations.

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